

Propeller Club - Geneva

Intertek

Corporate Responsibility – Towards a Sustainable approach

Christophe Liébon

Intertek, Advisory and Sustainable Services
February 22nd, 2007



Research & Policy
ADVISORY
Corporate Social & Environmental Responsibility



- History
- What is CSR ?
- The Triple Bottom Line
- The principles/standards/initiatives
- The main topics in the global CSR
- The different approaches to CSR
- Why engaging into a CSR approach ?
 - Examples in the shipping & agri industry
 - The Benefits for Business
- The transitions to corporate reporting
- About Intertek

A CSR Timeline



-Product safety was responsibility of purchaser
-Occupational safety was responsibility of worker
-Children were hard workers

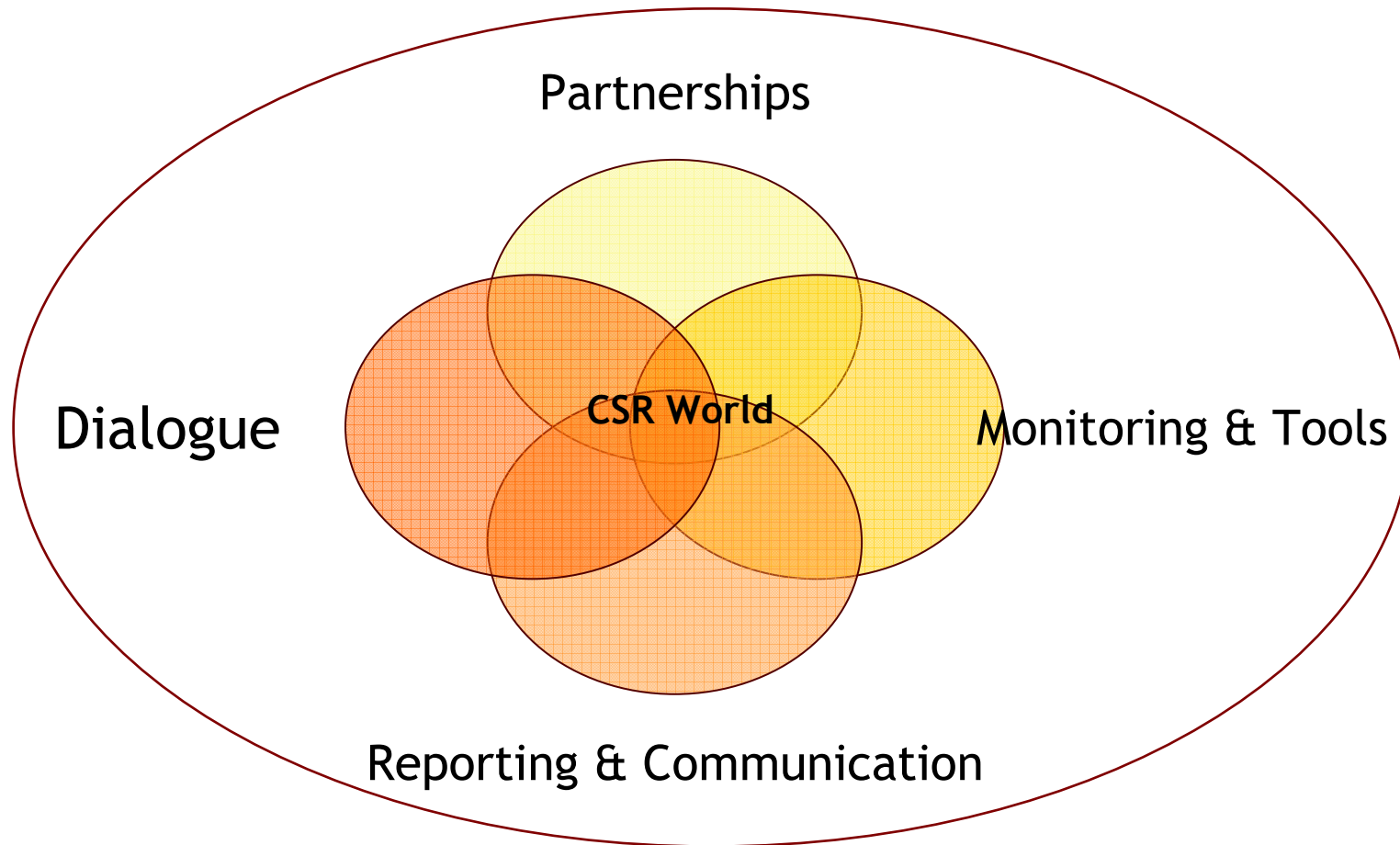
-Trade Unions and Labor Laws place the responsibility for worker conditions in the hands of the state
Environment remains exposed to exploitation

Environmental movements take off; CR is mainly concerned with the environment
Concepts such as **sustainable development** coined

Markets are more global, transparent
Modern slavery and workers rights are taking over eco concerns
CSR takes a front seat

CSR is everywhere , is complex
CSR is the management of social, economic, and env. Issues beyond the min. regulatory compliance

Understanding CSR Activities



History From Shareholder to Stakeholder



Shareholder

- Bottom Line
- Maximize Shareholder value
- Annual Report

Stakeholder

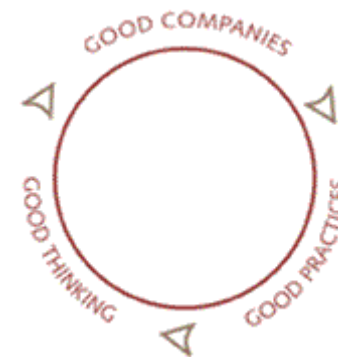
- Triple bottom line
- Profitable Vs socially and Environmentally responsible
- CSR Report

What is CSR ?



- Corporate Social Responsibility (or Corporate Citizenship) is linked to the application to corporation of the Sustainable Development concept which states that a long term development is only viable if we are able to conciliate these 3 elements :

- **Economic Profitability**
- **Social equity**
- **Respect of the environment**

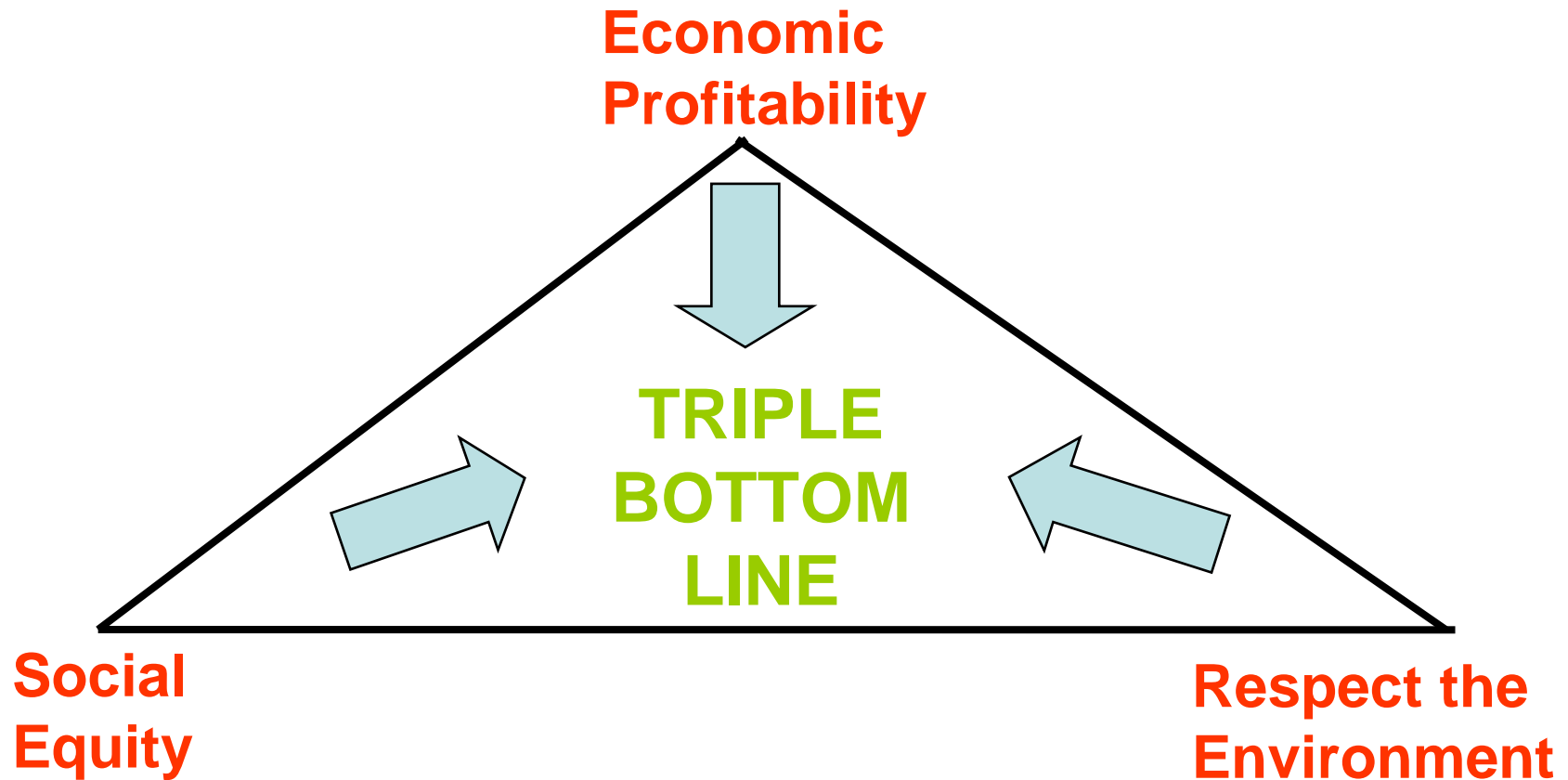


What is CSR ?



- CSR is closely linked with the principles of Sustainable Development which argue that enterprises should be obliged to make decisions based not only on financial/economic factors (e.g. Profits, Return On Investment, dividend payments etc.) but also on both the immediate and the long-term social, environmental and other consequences of their activities.

The Triple Bottom Line

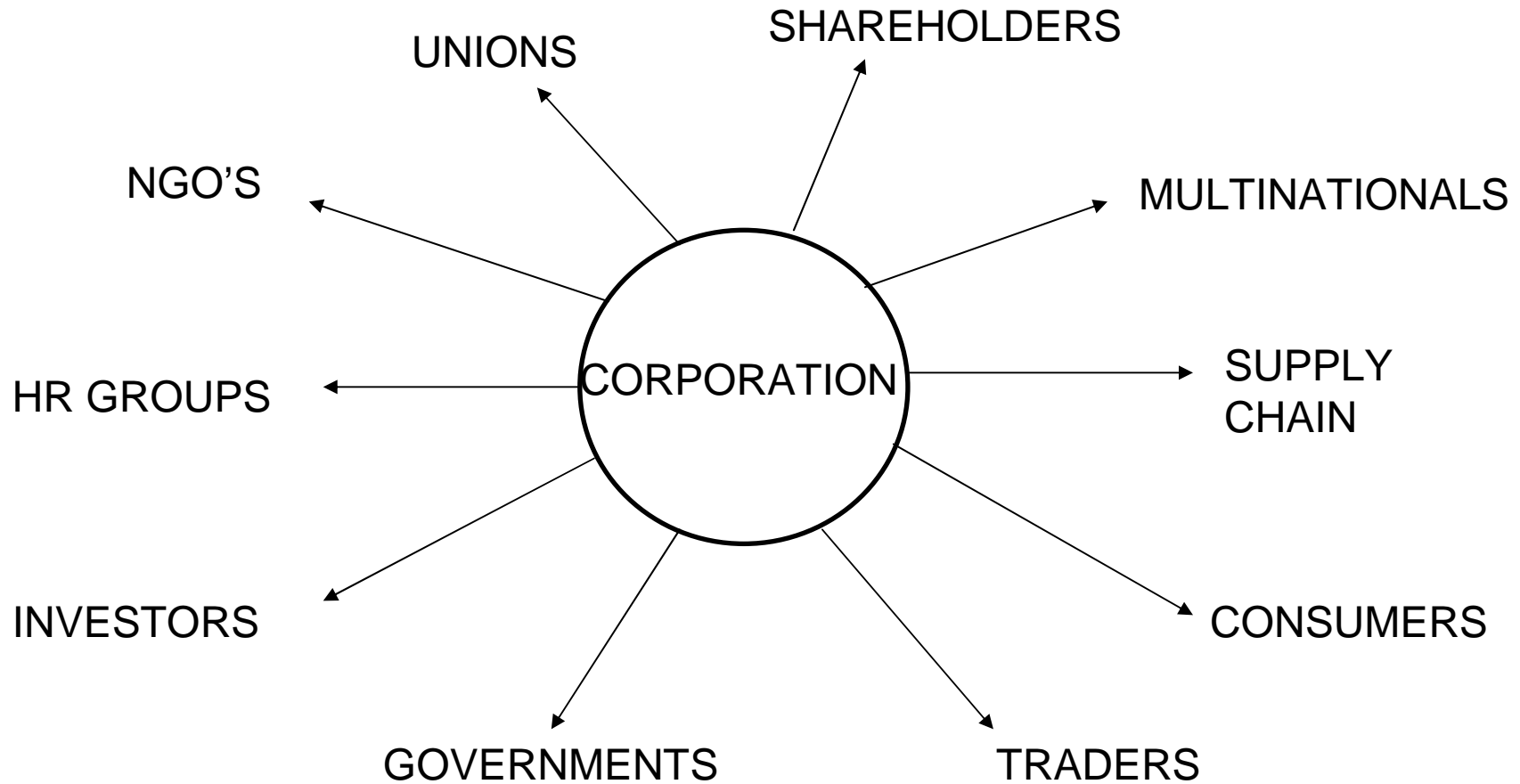


How to demonstrate its Responsibility ?



- The company shall not only show a constant economic growth and good results, but shall be able to identify, analyse and manage its *social and environmental* impacts with a total transparency for its stakeholders
- Must be attentive to the stakeholders concerns and not only to the shareholders requests

Defining its Stakeholder dialogue



Key Principles – Standards - Initiatives



Global Compact, OCDE Guideline
UN Declaration of Human Rights
ILO Conventions

Guiding Principles

Retailer Initiatives (GSCP, SEDEX,
Industry Initiatives (CRJP, EICC, GeSI....)
Sectorial Initiatives (BSI, Clean Cargo, RSPO, 4C, SAI)
Associations (CSR Europe, BSR, WBCSD...)

Initiatives

EU Directives (RoHS, REACH, Transport...)
National/Regional Laws

Directives & Laws

ISO26000 / SA8000 / ISO14001 /OHSAS 18000/EMAS
FLA, ICTI, WRAP
Fairtrade/Ethical Product/Organic...

Norms & Label

GRI, AA1000

Reporting & Assurance

The Main Topics in the Global CSR



WORKPLACE

Employment, Labor relations
Health & Safety
Training & Development
Workforce issues
Diversity & Opportunity

MARKETPLACE

Supply Chain
Customer CSR Policies
Terms of Trade/Supplier relations
Responsible Advertising/marketing
Customer Satisfaction

ENVIRONMENT

Transport
Waste Management, Packaging
Restricted Substances, Recycling
Energy Efficiency
Staff – Customer Awareness

**Corporate
Governance**

**Corporate
Values and
Culture**

Integration

COMMUNITY

Community Relations (economic
impact, etc..)
Corporate Giving, Public Health
Political Contributions
Competition and Pricing

The Different approaches to CSR



Low Pressure



- **Strategical** : has a high pressure from stakeholders, these companies have taken CSR as an opportunity
 - Ex : BP, Lafarge, DaimlerChrysler..
- **Engaged** : has a moderate pressure from stakeholders, adequation between company values and CSR allow them to manage a Social responsibility program in line with their global strategy.
 - Ex : ST Microelectronics, Sony, Storebrand..
- **Involved** : In reaction to the pressure on Environment, CSR is seen first through market opportunities
 - Ex : Danone, Suez, Vivendi Environnement, Carrefour, Philip Morris



- **Proactive** : Anticipation of customers demand in this sector, has repositioned the strategy along with CSR
 - Ex : Deutsche Bank, Dexia, Monoprix
- **Ideal Targets** : A high pressure will lead them to react by action plans in order to limit the risk
 - Ex : Nike, Mattel, Bayer, Exxon Mobil..
- **New Ones**: a moderated pressure have led these companies to implement new strategies to adapt themselves to the new regulations involved with the development of the CSR
 - Ex : Vodafone, Microsoft..

Why Engaging into a CSR approach ?



- Competitive Advantage,
- Enhanced Trust
- Stakeholder dialogue
- Share valorisation
- Brand Protection & Recognition
- Increase efficiency



Benefits for Business



- **Competitive Advantage** - By proactively managing the social & environmental impacts of, company's gain first-mover advantages while setting up systems to mitigate the financial impact of future regulations.
- **Enhanced Trust** - By working to address social & environmental challenges, corporation builds mutual trust and are more likely to gain the support of outside stakeholder groups.
- **Stakeholder Dialogue** – Pro-active engagement for better social & environmental performances improves the position when negotiating with industry and non-industry stakeholders

Benefits for Business



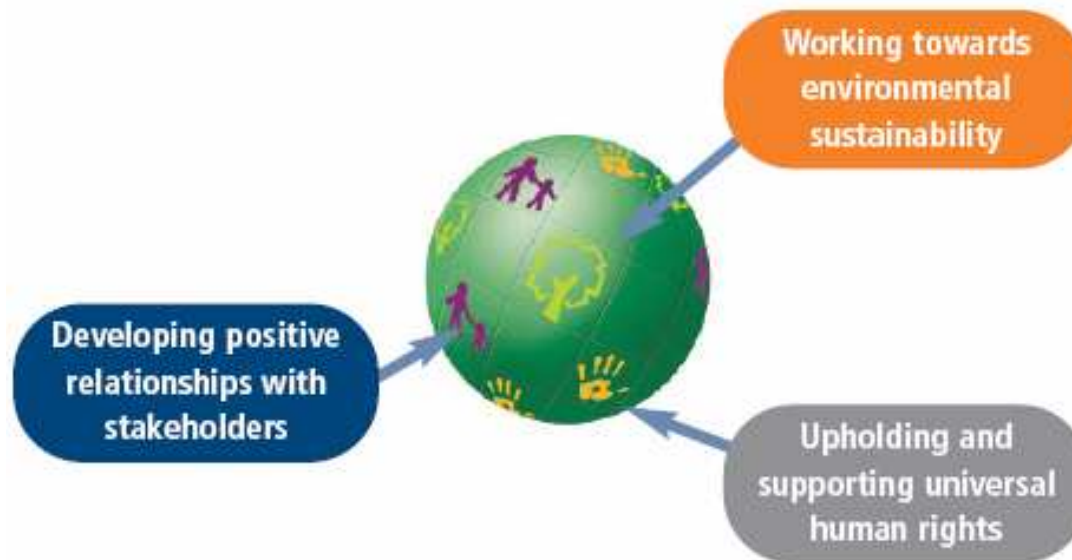
- **Share Valorisation** – by providing a CSR visibility on its progress to investors, rating agencies, funds, FTSE4Good, DJSI
- **Enhanced Brand Recognition** - In a crowded marketplace, leadership companies attract both consumers and investors, many of whom are placing increasing emphasis on the social & environmental performance of companies,
- **Increased Efficiency** - The multi-industry partner ships enables solutions that increase efficiency and overall corporate performance,



FTSE4Good



Example of Sustainable Investment index : FTSE 4 Good



10 Transitions in Corporate Sustainability Reporting

Established Focus (1996)

1. One way passive communication
2. Verification as option
3. Single company progress reporting
4. Management systems
5. Inputs and Outputs
6. Ad hoc operating standards
7. Public relations
8. Voluntary Reporting
9. Company determines reporting boundaries
10. Environmental reporting

Emerging Focus 2004

1. Multi way active dialogue
2. Assurance as Standard
3. Benchmarking
4. Life cycles, business models
5. **Impacts and Outcomes**
6. Global Operating Standards
7. Corporate Governance
8. Mandatory reporting
9. Boundaries set through stakeholder dialogue
10. Triple Bottom Line Performance

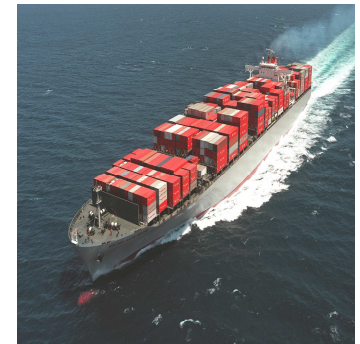
Source: "Risk and Opportunity: Best Practices in Non Financial Reporting" by Sustainability

Why Engaging into a CSR approach ? Ex : Shipping Industry



Example of Current & Emerging Environmental issues, in shipping :

- Global environmental change: **CO2 emission from fuel**
- Environmental acidification : **SO2 emissions**
- Waste : **Accidental & liberal release**
- Toxic/Hazardous substances : **Hull treatment, accidental discharge**
- Biodiversity : **Injury and invasive species from ballast water**
- Nitrogen balance, Tropospheric ozone : **NOx emissions,**
- Health impacts : **particulate emissions**
- Marine acidification : **SOx/NOX emissions**



Why Engaging into a CSR approach ? Ex : Agri Industry



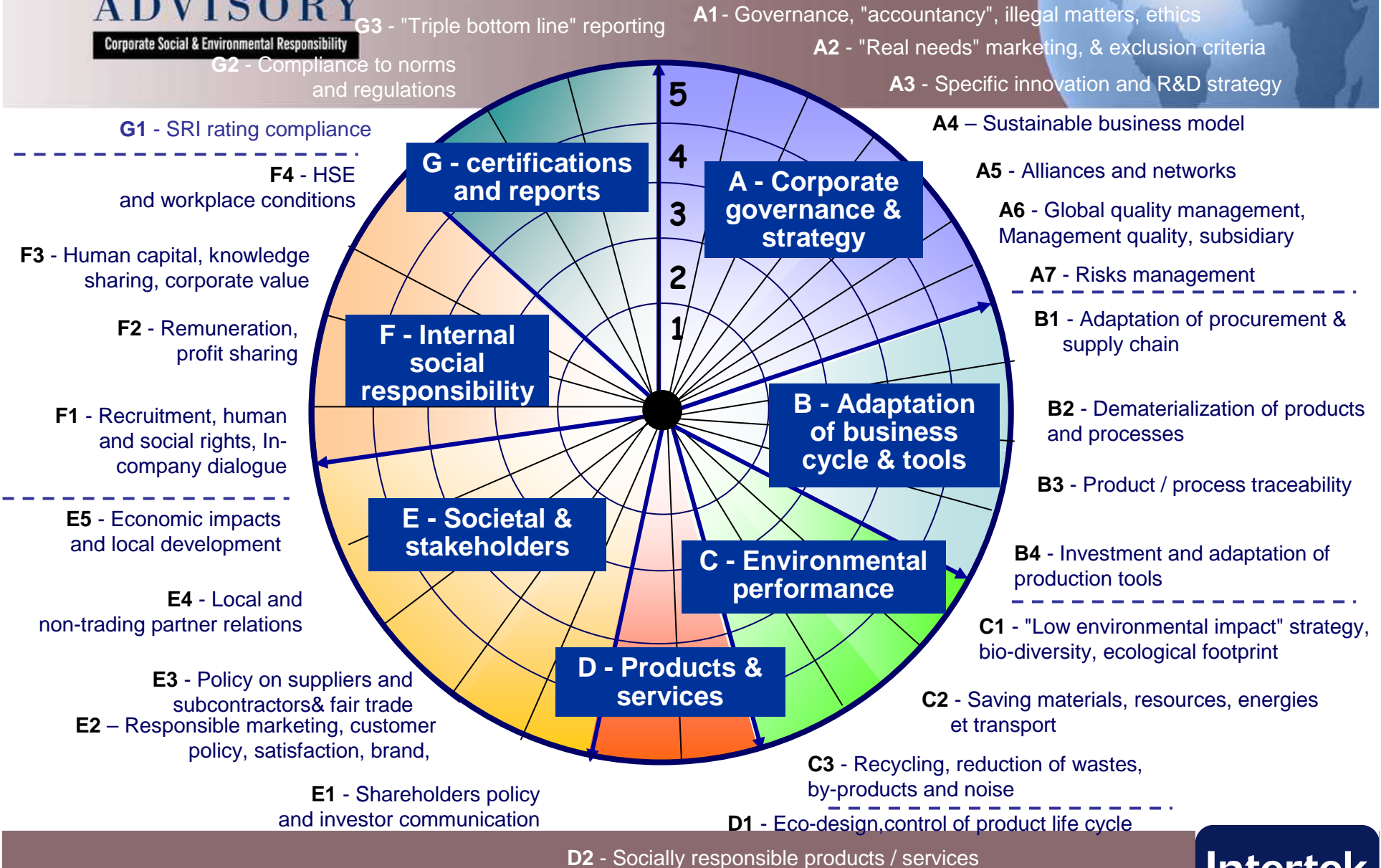
- Social & Environmental impacts in the Agri industry :
 - Agrochemical use and impact
 - Biodiversity
 - Brand management
 - Climate change impacts
 - Community relations
 - Energy & Water use
 - Labor standards
 - Nutrition and obesity
 - Product labeling and packaging
 - Responsible marketing
 - Role of biotechnology
 - Sustainable agriculture
 - Traceability and food safety
 - Transportation impacts
 - Water and soil conservation
 - Worker health and safety



A formal CSR strategy and report provides stakeholders (customers, shareholders, regulators, investors, NGO's...), with:

- **Better Risk Management:** a more comprehensive picture of your organisation's efforts to monitor and control risk,
- **Better Communication:** A more effective means to communicate your company's values and best practices,
- **Better Operational Performance:** By measuring and reporting on these "extra-financial" issues, a company's total operational performance is improved.

The roadmap to sustainability



What does it mean for an industry ?

Examples of actions :

Having a strategy that anticipates any form of environmental or social risk	A - Corporate governance and strategy	Implementing a measuring system of air emission components to monitor emissions
Invest to optimize production tools and processes	B - Adaptation of business cycle and tools	Investing to adapt the supply chain in order to optimize transport and switch to alternative solutions
Directly protect the environment	C - Environmental performance	Seriously reduce plant waste, rejects, or noise
Design and market products or services acceptable for the environment and socially useful	D - Products and services	Marketing a range of fairtrade-ethically sourced products
Develop positive relations and economic impact with all partners	E - Societal and stakeholders	Increase a plant's local economic impact , in liaison with the local authorities concerned
Adopt a quality social policy with employees	F - Internal social responsibility	Improve employability
Be accountable , justify and discuss the results of policy	G - Certifications and reports	Produce an annual sustainable development report including measurable results and targets

Our CSR Solutions



❑ Advisory & Sustainable Services

- Strategic Consultancy
- CSR program development
- Supply Chain/ responsible sourcing
- Stakeholder engagement
- Supplier and vendor training
- Internal / external communication
- Research, guidance and analytical reports
- Social & environmental reporting, & assurance

❑ Monitoring

- Risk Assessment
- Compliance
- Capacity Building
- Remediation

❑ Certification

❑ Security

- CT-PAT

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